by bills of exchange, the situation would be regarded as normal, but if, owing to abnormal circumstances, the Bank desired to increase the amount of notes issued against bills of exchange only and to reduce the ratio of its gold or its cash balance to its notes, it would, at any time, be enabled to do so by the payment of a tax, without going through the humiliating necessity for an appeal to the Treasury to allow it to exceed the legal limit.

At the same time, by the abolition of Peel's Act the cumbrous methods of stating the Bank's position, as published week by week in the Bank Return, would be abolished. The two accounts would be put together, with the result that the Bank's position would be apparently stronger than it appears to be under the present system, which makes the Banking Department's Return weak at the expense of the great strength that it gives to the appearance of the Issue Department. This will be shown from the following statement given by Sir Edward Holden of the Return as issued on January i6th, and as amended according to his ideas :—

BANK STATEMENT, JANUARY 16, 1918.

ISSUE DEPARTMENT.

Notes Issued	£76,076,000	Gold	£57,626,000
		Government Debt	11,0x5,000
		Other Securities	7,435,000
	£76,076,000		£76,076,000

Ratio of Gold to Notes Issued = 8757 per cent.

BANKING DEPARTMENT.

Capital	£14,553,000	Government Securities	£56,768,000
Rest	3,363,000	Other Securities	92,278,000
Deposits—		Notes	£30,750,000
Public	£41,416,000	Gold and Silver	1,143,000
Other	121,589,000		
	163,005,000		31,893,000
Other Liabilities	18,000		
	£180,939,000		

£180,939,000

Ratio of Cash Balance to Liabilities «ay*6 per cent.